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FISCAL IMPACT STATEMENT

LS 6919

BILL NUMBER: HB 1250

NOTE PREPARED: Jan 30, 2008

BILL AMENDED: Jan 22, 2008.

SUBJECT: State Park Development and Funding for the NAIAC.

FIRST AUTHOR: Rep. Klinker

FIRST SPONSOR: Sen. Hershman

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Tippecanoe County Innkeeper's Tax*- The bill requires 50% of the Tippecanoe County innkeeper's tax revenue to be deposited in the Special Account through December 2029 (rather than December 2014 as provided in current law). The bill provides that 60% (rather than 75%) of the amounts deposited in the Special Account must be distributed to the Department of Natural Resources. The bill provides that 20% (rather than 25%) of the amounts deposited in the Special Account must be distributed to a community development corporation (CDC). The bill provides that through December 2029, 20% of the amounts deposited in the special account must be distributed to Historic Prophetstown. The bill provides that an alternative distribution schedule applies after December 2029 (rather than December 2014).

Indiana Finance Authority- The bill requires the Indiana Finance Authority to issue a bond for the development of a state park.

Bureau of Motor Vehicles- The bill requires the Bureau of Motor Vehicles (BMV) to design the Indiana Native American Trust License Plate with the advice of the Native American Indian Affairs Commission (NAIAC).

Indiana Native American Trust Fund- The bill provides that money in the Indiana Native American Trust Fund (the Fund) must be paid to Historic Prophetstown through 2008 and to the NAIAC beginning in 2009.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Indiana Native American Trust Fund*- Under the bill, Historic Prophetstown (previously known as The Museums At Prophetstown, Inc.) would continue to receive transfers

from the Fund until before January 1, 2009. After December 31, 2008, revenue placed into the Fund would be transferred to the NAIAC to be used for any lawful purpose of the NAIAC.

(Revised) *Indiana Finance Authority (IFA)*- This provision would require the IFA to issue bonds for development of Prophetstown State Park. The principal and interest on the bonds would come from the revenues distributed to the Department of Natural Resources for Prophetstown State Park. (*See Explanation of State Revenues*).

Background- As of December 11, 2007, there was un-designated balance of \$20,882.50 within the Fund. Currently, all revenue from the Fund is distributed to the Museum At Prophetstown, Inc. Money in the Fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of State Revenues: (Revised) *Tippecanoe County Innkeeper's Tax*- The Department of Natural Resources would receive less revenue from the Tippecanoe innkeeper's tax for Prophetstown State Park development projects. The DNR currently receives 75% of half of all innkeeper's tax collected within the county, or 37.5% of total revenue. As a result of the proposed change, the DNR would receive 30% of total revenue collected by the tax. However, as described above, revenue from this distribution would be used for repayment of bonds issued by the IFA for Historic Prophetstown State Park.

Tippecanoe County's innkeeper's tax collections totaled \$1.7 M during FY 2007. Half of the \$1.7 M would be about \$858,000. The DNR's FY 2007 share under the bill would have been \$514,000 (60% of \$858,000). Under the distribution formula of current law, \$643,000 (75% of the \$858,000) would have been retained by the DNR.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Tippecanoe County Innkeeper's Tax*- Currently, half of Tippecanoe County's innkeeper's tax revenue is placed into a special account until December 2014. The bill would extend the 50% distribution percentage to December 2029.

Distribution Changes within the Special Account: Under current law, 25% of the revenue deposited in the Special Account goes to the Greater Lafayette Community Development Corporation (CDC), which serves Lafayette and West Lafayette. The CDC percentage of revenue received from the Special Account would be decreased to 20% under the bill. The bill would distribute the remaining 20% to Historic Prophetstown for non-capital projects.

Tippecanoe County's innkeeper's tax collections totaled \$1.7 M during FY 2007. Half of the \$1.7 M would be about \$858,000. Had the CDC share from the Special Account been 20% percent during FY 2007, then \$171,000 of the \$858,000 would have been retained by the CDC. In actuality, at a share of 25%, roughly \$214,000 would have been retained by the CDC during FY 2007 under the formula for distribution in current law. Under the bill, as amended, \$171,000 would also be distributed to Historic Prophetstown from the Special Account.

State Agencies Affected: Department of Natural Resources; Bureau of Motor Vehicles; NAIAC; Indiana Finance Authority.

Local Agencies Affected: Tippecanoe County.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations.*

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